

INSURANCE COUNSELOR

Insurance Consumer Information Sheet

If I am a volunteer driver, or use my car for work, am I covered?

Michigan law states that automobile insurance coverage cannot be limited and/or refused when the vehicle is used for volunteer and charitable endeavors or for other purposes for which normal operating expenses are reimbursed. Coverage benefits should not be adversely affected for persons who use their vehicles in these capacities. This includes business use reimbursed by your employer or contractor, reimbursed sales use, and reimbursed door-to-door delivery.

You are eligible to purchase the full range of limits of liability and deductibles contained in each insurer's personal auto manual for:

- bodily injury liability,
- property damage liability,
- personal injury protection,
- property protection insurance,
- collision, comprehensive,
- uninsured motorists,
- underinsured motorists,
- and limited property damage liability coverages.

You are also eligible for this automobile insurance coverage if you are renewing a policy. Further, policy benefits should not be denied when a policyholder makes a claim under this type of reimbursed activity.

No-Fault Insurance and the Courts ...

In many instances, Michigan courts have required no-fault insurers to provide the full range of policy benefits to injured third parties damaged by a person driving the insured vehicle. However, a person who commits intentional material misrepresentation, fraud, or intentional injury to others using a vehicle may find that the no-fault insurance policy eliminates coverage when such activity occurs.

In order to sue persons covered by Michigan no-fault policies for liability, the injured third party or his representative must show that the verbal threshold of death, serious impairment of body function, and serious permanent disfigurement has been reached as a result of the accident. This is a very hard threshold for injured persons to reach. It is always possible that a verbal threshold can be reached as the result of an accident and a judgment can be rendered in a court that has jurisdiction. Volunteers, charitable or reimbursed drivers can protect themselves by carefully reviewing the limits of liability they have purchased with appropriate insurance professionals. This will ensure that policies contain a limit that will protect their assets as much as possible in case the no-fault verbal threshold is reached.

Businesses that utilize these types of drivers should also carefully review their general liability and umbrella policies with

appropriate insurance professionals. This will ensure that the policies contain limits of liability that will protect their assets as much as possible. A judgment can be rendered against them for negligence in checking backgrounds, selecting, training and monitoring drivers who cause accidents where injuries reach the verbal threshold.

In reviewing policies, it is important to know that insurers can use rates for policies of these types of use pursuant to MCLA 500.2110a, 2111 and 2403(1)(d) as long as they file the rating classification within their personal automobile program manuals. Michigan law does not specifically limit the amount of surcharge or discount insurers may utilize in rating policies for volunteer and charitable endeavors or for other purposes for which normal operating expenses are reimbursed. Most insurers have not been rating for such use. However, some insurers may be covering some increased risk under the business and/or mileage classifications they utilize.

If You Are Improperly Refused Coverage

Any person who feels they are being improperly refused coverage because they drive their vehicles for volunteer or charitable purposes or for other purposes for which normal operating expenses are reimbursed should:

- 1) Write the insurer a complaint letter that explains that their denial violates MCLA 500.2118(2)(f) which

guarantees coverage to eligible persons for these types of driving situations.

- 2) State that you will file a complaint with the Consumer Services Division of the Michigan Office of Financial and Insurance Services if you do not receive a satisfactory response within 30 days of the date of your letter.

Hopefully, the insurer will provide coverage quickly upon reviewing this pertinent information. This process may take some time to be resolved in the complaint resolution process. If you are using your vehicle for volunteer or charitable purposes or for other purposes for which normal operating expenses are reimbursed, you should obtain necessary coverage with another insurer while you embark upon this process.

To File A Complaint With the Michigan Office of Financial and Insurance Services (OFIS)

To file a complaint, call toll free (877-999-6442) or log onto our web site (www.michigan.gov/ofis) to obtain a copy of our complaint forms. OFIS acts as a link between you and the company or agent. We try to resolve the complaint and see that your questions are answered. For more information on auto insurance, please call us or visit our web site. The Buyer's Guide to Automobile Insurance and the Consumer's Guide to No-Fault Insurance are just some of the materials available.